STATE OF CALIFORNIA
DEPARTMENT OF PERSONNEL ADMINISTRATION

SAVINGS PLUS PROGRAM

NewsLine

First Quarter 2000

Inside this issue:

SPP Milestones

November 1999

- "Stake Your Claim In The Enhanced SPP" mailed
- "Borrowing From Your Retirement Gold" mailed
- "Stake A Claim In Your Future" revised
- "Investment Guide" revised

December 1999

- "Self-Paced Educational Diskette" Introduced at Labor Relations Conference
- Enhanced Voice Response System (VRS) Launched

(800) 827-5000

- Internet Capabilities

www.drs.dreyfus.com

January 2000

- 401(k) Loan Program
- CalPERS Service Credit buyback from 401(k)
- New Participant Statements

Winds of Change

Voice Response or Internet – Your Choice

In the past year, the Savings Plus Program made changes to the fee structure, expanded investment options for the Self Directed Account, introduced a 401(k) loan program, upgraded the recordkeeping system, provided access to accounts via the Internet, and revised program materials. The changes were extensive and necessary because of changing technology and in response to the growing needs of participants.

The results of change have presented an unprecedented challenge in providing customer service. Our phone lines are busy and we are exploring ways to expand service. In the meantime, we want to encourage you to take full advantage of our automated technologies.

You may use the Savings Plus Voice Response System, (800) 827-5000, to get account information and make transactions, or access your SPP account online, http://www.drs.dreyfus.com, from your home computer. The Quick Reference Guide inserted with this NewsLine is meant to help you do that. Please review it carefully.

We want to assure you we are working to find new ways to provide better service and access to the Savings Plus Program. In the meantime, thank you for your continued support and patience.

A Statement On Our New Statements

Fourth Quarter Statements Raise Questions

In December 1999, the Savings Plus Program upgraded the recordkeeping system which was not keeping pace with newer technologies. The new system provides more accurate enrollment services, updates changes to savings allocations with your next pay period (see article, pg. 2), provides direct access to data via telephone, inquiry and update services on the Internet, a 401(k) Loan Program, and direct access to customer service representatives via the voice response system.

In making this change, SPP had to modify the quarterly participant statement. Beginning last quarter, SPP introduced a new graphical participant statement. The new format allows for an account summary, asset allocation pie chart, and a display of current fund performance on the statement.

As with most changes, there were comments, positive and negative. Certainly, the most frequent was in regard to Detailed Transaction History. The previous statements included fund-by-fund, day-by-day transaction detail. Much of the information on the statements was unique to SPP. The new system does not allow SPP to provide that same amount of detail---at this time.

However, SPP is working with our current recordkeeper, Mellon/Dreyfus on ways we can provide a more detailed transaction history in the future.

(continued on page 3)

New VRS/Internet Map

Inserted in this Quarter's edition of the Newsline is a very effective tool to use as you maneuver through the new Voice Response System (VRS) or the Internet site.

Keep it handy, it will save you much time and frustration!

2000 Deferral Limits

For tax year 2000, the maximum deferral for the 401(k) Thrift Plan has been increased to $10,500 or 20% of your taxable gross salary* ($875/mo).

The maximum for the 457 Deferred Compensation Plan was not changed. It is still $8,000 or 25% of your taxable gross salary* ($666/mo). If you contribute to both plans, you are limited to a maximum combined deferral of $8,000, or 25% of your taxable gross salary*.

* whichever is less.

INSURANCE INVESTMENT FUND PLUS

12-Month Notification ELIMINATED

Effective May 1, 2000, you may transfer assets directly from the Insurance Investment Fund Plus (IIF) to a fixed income fund of longer maturity, or to an equity fund, but the funds must remain there for 90 days. You MAY NOT transfer assets from the IIF to:

- **U.S. Treasury Short-Term Fund**
- **Vanguard Prime Money Market**
- **Savings Pool or the SDA**

At the end of 90 days, there are no further restrictions.

The 12-month written notice to transfer is NO LONGER REQUIRED.

Changing Future Investment Elections

Savings Allocation Changes

When the Savings Plus Program's recordkeeper receives your salary deferral (contribution), the funds are invested based on your investment election (also referred to as savings allocations). At any time, you may change how your **next** contribution will be invested and the change will be effective the **next** pay period.

For example, if you change your investment election April 22, contributions that post after May 1 will be in your new investments. Prior to upgrading our recordkeeping system, this change would have been delayed until June 1.

You can change your salary deferral, investment elections, or transfer funds using the VRS or the Internet. Refer to the Quick Reference Guide to Phone and Internet Access enclosed with this NewsLine. After making a change, you will receive a confirmation notice within 3-5 business days.

CalPERS Managed Funds Corrected Performance Statistics

Corrections Due on Statements

In the Fourth Quarter Statements released in January 2000, the Performance Statistics were misquoted from our recordkeeper for the following CalPERS Managed Funds. What follows are the corrected Performance Statistics:

U.S. Trs. Short Term Fund
1-Year Total Return –
- **4.68%**

3-Year Total Return –
- **5.00%**

5-Year Total Return –
- **5.18%**

U.S. Trs. Int. Term Fund
1-Year Total Return –
- **0.35%**

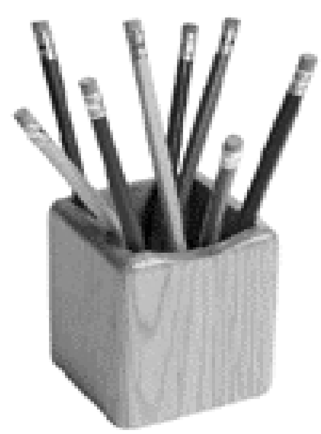
3-Year Total Return –
- **5.51%**

5-Year Total Return –
- **7.47%**

S&P 500 Index Fund
1-Year Total Return –
- **20.72%**

3-Year Total Return –
- **27.13%**

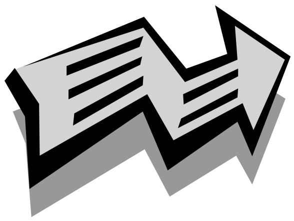
5-Year Total Return –
- **28.36%**



Eligibility for Service Credit Buyback

Tier II to Tier I – Using Your 401(k)

As a member of CalPERS you may be eligible to purchase prior service credit. As a result of recent legislation Second Tier members may move to the enhanced retirement benefit of First Tier members. Or you may be eligible for other types of service credit. Some examples include some military active duty periods, the purchase of employment related credit, such as redeposit of previously withdrawn contributions, leave of absence and/or part-time employment credit.



In most cases, you must pay for additional service credit. CalPERS will accept funds from a 401(a) or 401(k) plan to purchase prior service credit. In January 2000, the Savings Plus Program amended the 401(k) Thrift Plan document to allow for a transfer of 401(k) tax-deferred funds to CalPERS – without tax or penalty – at any age. Note: Internal Revenue Regulations do not permit CalPERS to accept a transfer from the 457 Deferred Compensation Plan assets.

For service credit cost information, contact CalPERS. The package will include a CalPERS Service Credit Purchase Selection Form and Rollover Request/Certification Form. If, after reviewing the information, you decide to transfer your Savings Plus Program funds to CalPERS, you need to do the following:

1. **Request** a 401(k) Thrift Plan Service Credit Plan-to-Plan Transfer Application. This form is available at our web-site, http://www.dpa.ca.gov/spp/forms and brochures, or by calling (800) 827-5000 or (916) 322-5070.
2. **Mail** the **notarized** 401(k) Thrift Plan Service Credit Plan-to-Plan Transfer Application with the CalPERS Rollover Request/Certification Form, completing the top section, to the Savings Plus Program.

A signed copy of the Rollover Request/Certification Form will be returned to you. The 401(k) transfer check will be mailed to your address of record within three weeks. The check will be made payable to CalPERS, FBO (For Benefit Of) your name.

3. **Make a copy of the check and all forms.** Mail your CalPERS Service Credit Purchase Selection Form, Rollover/Request Certification Form, and 401(k) check to:

CalPERS Member Service Division
Service Credit Section
P.O. Box 942704
Sacramento, CA 94229-2704

For complete details on how you can buy back service credits, call CalPERS directly, to enroll in one of their many Financial Workshops.

Hear About It

The SPP Voice Response System (VRS) at (800) 827-5000 is available to you 24 hours a day 7 days a week.

You can check on your account balances, change your deferral amount, transfer amounts from one investment to another, model a 401(k) Loan or request materials.

You may speak directly to a SPP Customer Service Representative, Mon.-Fri., from 8:30 a.m. to 4:00 p.m.

Ticker Symbols:

If you are looking in the newspapers or on Internet websites for the following funds, you will not find them.

Since they are not publicly-traded securities, none of them have trading symbols:

- **Savings Pool**
- **IIF Plus**
- **CalPERS Short Term Tsy.**
- **CalPERS Int. Term Tsy.**
- **CalPERS S&P 500 Index**

A Statement On Our Statements (continued)

Additionally, future plans for SPP include the selection of a Third Party Administrator (TPA) to provide record-keeping services. The TPA to be selected will be evaluated on its ability to provide a wider variety of details on participant statements, including Detailed Transaction History and an Annual Summary, beginning in 2001. Proposals responding to the SPP's Request for Proposal (RFP) for Third Party Administrator (TPA) Services, Investment Products, Optional Services and Annuity Payout Products are due on March 10, 2000. All bidders are welcome.

SPP appreciates all of your comments and will keep you updated on our progress through the summer of 2000.

STATE OF CALIFORNIA
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SAVINGS PLUS PROGRAM
1800 15th Street
Sacramento, CA 95814-6614

HOW TO CONTACT SPP:
Phone:
(916) 322-5070 (Sacramento area)
(800) 827-5000 (Voice Response System)
CALNET: 492-5070

Phone Service hours: 8:30 a.m. - 4:00 p.m.
Counter Service: 8:00 a.m. – 5:00 p.m.

Fax: (916) 327-1885
(CALNET) – 467-1885

TDD: (916) 327-4266
(CALNET) – 467-4266

Mellon Bank VRS: (800) 827-5000
DISC: (800) 293-9936

Email: saveplus@dpa.ca.gov
SPP Website: http://www.dpa.ca.gov
DISC: http://www.disc.mellon.com

Retirees' Corner

Processes Involved in Selecting Your SPP Account Distributions

To arrange for a payout of your account, you must:

- **Request a Benefit Payment Application kit, using VRS or Internet;**
- **Choose a starting or "commencement" date for your payments to begin (457 Deferred Compensation Plan only);**
- **Mail the completed forms to the Recordkeeper, as instructed in the package.**

For 457 Deferred Compensation Only:

You must notify SPP of your commencement date NO LATER THAN 60 DAYS AFTER your retirement or separation from employment, regardless of when you want to actually receive your funds. The earliest you can receive payment is 45-60 days after your application is received. The latest you can defer commencement of payment is April 1st of the next calendar year following the later of:

- **The calendar year that you attain age 70 1/2, or**
- **The calendar year that you retire or separate.**

You may postpone your commencement date to a future date. The 457 Deferred Compensation Plan allows you a one-time option to further delay the commencement of payments beyond your original election, which is otherwise irrevocable.

Choosing The Method Of Payment

How Do You Want Your Nestegg Paid?

Once you decide when you want your payments to begin, you must then specify how you want to receive your funds. Your choices are:

CHOICES	401(k) Plan	457 DCP
Lump Sum Payment	YES	YES
Periodic Payments	no	YES
Partial Lump Sum with remainder in Payments	no	YES
Purchase an Annuity	YES	YES
Partial Lump Sum with remainder in Annuity	YES	YES
Rollover to an IRA	YES	no
Transfer to a New Plan	YES	YES